

## Message Text

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44

ACTION IO-13

INFO OCT-01 ISO-00 AF-08 ARA-10 EA-09 EUR-12 NEA-10 SP-02

L-03 H-02 PA-02 PRS-01 USIA-15 AID-05 CIAE-00 COME-00

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CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 /151 W

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TO SECSTATE WASHDC 969

INFO USMISSION USUN NEW YORK

UNCLAS GENEVA 5292

E.O. 11652: N/A

TAGS: UNDP EAID

SUBJ: UNDP 22ND GOVERNING COUNCIL - DECISION ON  
BORROWING AUTHORITY

FOLLOWING IS THE DECISION ON BORROWING AUTHORITY  
APPROVED BY THE 22ND UNDP GOVERNING COUNCIL.

QUOTE

II

THE GOVERNING COUNCIL,

(A) TOOK NOTE OF THE REPORT OF THE ADMINISTRATOR  
(DP/194);

(B) CALLED UPON ALL GOVERNMENTS TO CO-OPERATE FULLY  
WITH THE ADMINISTRATOR IN IMPLEMENTING THE DECISION OF  
THE COUNCIL TAKEN AT ITS TWENTY-FIRST SESSION ON  
FINANCIAL RESOURCES AND RELATED PROGRAMME MATTERS;

(C) REQUESTED THE ADMINISTRATOR TO PREPARE A  
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SPECIAL REPORT FOR DISTRIBUTION TO COUNCIL MEMBERS

ON HIS PROGRESS AS OF 30 SEPTEMBER 1976 IN IMPLEMENTING THIS DECISION;

(D) RECOGNIZED THE RELATIONSHIP BETWEEN THE SIZE OF THE OPERATIONAL RESERVE AND ANY NEED FOR BORROWING AUTHORITY TO MEET SHORT-TERM CASH REQUIREMENTS PENDING RECEIPT OF PLEDGED CONTRIBUTIONS;

(E) DECIDED THAT THE LEVEL OF OPERATIONAL RESERVE SHOULD BE BUILT UP DURING THE SECOND CYCLE TO A MINIMUM LEVEL OF \$15 MILLION IN 1977 AND THEREAFTER PROGRESSIVELY BUILT UP EACH YEAR TO REACH A FULLY FUNDED LIQUID LEVEL OF \$150 MILLION BY THE END OF 1980;

(F) DECIDED TO DEFER ACTION ON THE PROPOSAL RELATING TO THE GRANTING OF BORROWING AUTHORITY TO THE ADMINISTRATOR;

(G) REQUESTED THE ECONOMIC AND SOCIAL COUNCIL, AS A CONTINGENCY MEASURE, TO RECOMMEND TO THE GENERAL ASSEMBLY THE ADOPTION OF THE FOLLOWING DRAFT RESOLUTION;

THE GENERAL ASSEMBLY,

HAVING CONSIDERED THE REPORT OF THE GOVERNING COUNCIL OF THE UNITED NATIONS DEVELOPMENT PROGRAMME ON ITS TWENTY-SECOND SESSION ON THE GRANTING OF SHORT-TERM BORROWING AUTHORITY TO THE UNITED NATIONS DEVELOPMENT PROGRAMME,

RECOGNIZING THE URGENT NEED FOR UNDP TO REPLENISH ITS OPERATIONAL RESERVE ON A FUNDED, FULLY MOBILIZABLE AT SIGHT OR ON SHORT NOTICE, TO A LEVEL SUFFICIENT TO ENSURE THE FINANCIAL INTEGRITY OF THE PROGRAMME,

RECOGNIZING THE URGENT NEED FOR PARTICIPATING GOVERNMENTS TO PAY PROMPTLY OUTSTANDING PLEDGES AND OBLIGATIONS TO THE UNDP AND TO CO-OPERATE FULLY IN MEASURES UNDERTAKEN BY THE ADMINISTRATOR IN CONJUNCTION WITH THE EXECUTING AGENCIES TO USE ACCUMULATED CURRENCIES,

RECOGNIZING THAT, IN THE MEANTIME, IT MAY PROVE NECESSARY TO ASSIST THE UNITED NATIONS DEVELOPMENT PROGRAMME TO MEET SHORT-TERM CASH REQUIREMENTS ARISING EXCLUSIVELY OUT OF UNAVOIDABLE FLUCTUATIONS BETWEEN PAYMENT OF ANNOUNCED VOLUNTARY CONTRIBUTIONS AND THE UNCLASSIFIED

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IMMEDIATE CASH REQUIREMENTS OF THE PROGRAMME OF THE UNDP IN ANY ONE YEAR WHICH MIGHT JEOPARDIZE ITS APPROVED PROGRAMME,

1. AUTHORIZES THE GOVERNING COUNCIL OF UNDP TO GRANT TO THE ADMINISTRATOR OF UNDP UNTIL THE END OF 1977, AND ON A CASE BY CASE BASIS, AUTHORITY TO BORROW MONIES FOR THE PURPOSE STATED ABOVE AND SUBJECT TO THE CONDITIONS

AND SPECIFICATIONS STATED BELOW;

(A) IN ORDER TO BORROW, THE ADMINISTRATOR SHALL IN EACH CASE SEEK THE GOVERNING COUNCIL'S PRIOR APPROVAL AT A REGULAR OR AT A SPECIAL SESSION;

(B) THE SOURCES FROM WHICH SUCH FUNDS CAN BE BORROWED ARE LIMITED TO VOLUNTARY-FUNDED TRUST FUNDS OF ORGANIZATIONS WITHIN THE UNITED NATIONS SYSTEM, PROVIDED THAT THE BORROWING OF SUCH MONIES SHALL IN NO WAY ADVERSELY AFFECT THE OPERATIONS OF THE TRUST FUNDS TO WHICH THEY HAVE BEEN CONTRIBUTED OR THE SPEEDY IMPLEMENTATION OF THE PROGRAMMES CONCERNED; AND WITH THE AGREEMENT, WHERE APPROPRIATE, OF THE EXECUTIVE DIRECTORS OF THE VOLUNTARY FUNDS; IT BEING UNDERSTOOD THAT BORROWINGS SHALL, IN THE FIRST INSTANCE, BE MADE FROM TRUST FUNDS UNDER THE AEGIS OF THE UNDP GOVERNING COUNCIL;

(C) THE GOVERNING COUNCIL SHALL ONLY GRANT A BORROWING AUTHORITY TO THE ADMINISTRATOR AS AN EXCEPTIONAL MEASURE AFTER A THOROUGH EXAMINATION OF THE FINANCIAL SITUATION OF THE PROGRAMME ON THE BASIS OF COMPREHENSIVE INFORMATION PROVIDED BY THE ADMINISTRATOR, IT IS SATISFIED OF THE NEED TO BORROW, AND IS SATISFIED ALSO REGARDING THE REPAYMENT SCHEDULES OF THE ANTICIPATED BORROWINGS; SUCH COMPREHENSIVE INFORMATION SHALL INCLUDE THE STATUS OF ASSESSED PROGRAMME COSTS, VOLUNTARY CONTRIBUTIONS, INCLUDING THE STATUS OF ACCUMULATED CURRENCIES AND SHARED PROGRAMME COSTS, ACCOUNTS PAYABLE, CASH REQUIREMENTS FOR COMPLETING FIRST CYCLE AND INITIATING SECOND CYCLE PROGRAMMES, INCLUDING ALLOCATIONS TO PROGRAMME AND ADMINISTRATIVE SUPPORT COSTS AND AGENCY OVERHEAD;

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(D) SUCH BORROWINGS SHALL NOT BE USED AS A MEANS TO RAISE ADDITIONAL FUNDS FOR THE PROGRAMME OVER AND ABOVE THE PLEDGED VOLUNTARY CONTRIBUTIONS AND OTHER APPROVED INCOME FOR ANY ONE YEAR;

(E) REPAYMENTS SHALL BE MADE ONLY FROM THE FUNDS VOLUNTARILY CONTRIBUTED TO UNDP AND SHALL BE EFFECTED WITHIN 60 DAYS OF THE BORROWING;

(F) IF POSSIBLE, BORROWING SHOULD BE FREE OF INTEREST. IF THERE IS A NEED TO PAY INTEREST, THE RATE PAID SHOULD BE THE LOWEST POSSIBLE RATE BUT IN NO CASE HIGHER THAN THAT PAID BY THE WORLD BANK FOR ITS SHORT-TERM BORROWING; AND TO THE EXTENT POSSIBLE WILL BE PAID FROM EARNED INTEREST;

2. AUTHORIZES THE SECRETARY GENERAL TO LEND MOIES  
TO THE UNITED NATIONS DEVELOPMENT PROGRAMME FROM APPRO-  
PRIATE VOLUNTARY TRUST FUNDS UNDER HIS CUSTODY FOR THE  
PURPOSE AND UNDER THE CONDITIONS SPECIFIED IN PARAGRAPH  
1 ABOVE. HOWEVER, IN ALL SUCH CASES A  
CONSENSUS DECISION OF THE GOVERNING COUNCIL OF UNDP IS  
REQUIRED.  
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